

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 163429
ORIGIN EB-07

INFO OCT-01 ARA-10 EUR-12 IO-13 EA-07 ISO-00 TRSE-00
SIG-01 MMO-01 AID-05 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NEA-10 NSAE-00 USIA-06 OPIC-03
SP-02 LAB-04 EPG-02 SIL-01 AGRE-00 OMB-01 L-03
XMB-02 /102 R

DRAFTED BY EB/IFD/OMA:CHERVIN:CAB
APPROVED BY EB: PHBOEKER
TREASURY - POCONNELL
EUR/WE - KSMITH

-----045633 140620Z /23

R 132226Z JUL 77
FM SECSTATE WASHDC
TO AMEMBASSY BERN
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY CARACAS
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY STOCKHOLM
AMEMBASSY TOKYO
AMEMBASSY VIENNA
INFO AMEMBASSY LISBON
AMEMBASSY COPENHAGEN

LIMITED OFFICIAL USE STATE 163429

ALSO USOECD, USEEC FOR INFO

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 163429

E.O. 11652: N/A

TAGS: EFIN, PO

SUBJECT: FINANCIAL ASSISTANCE FOR PORTUGAL

1. ACTION ADDRESSES ARE REQUESTED TO (1) URGE HOST GOVERN-

MENT TO PROCEED PROMPTLY TO CONCLUDE THEIR CONTEMPLATED BALANCE OF PAYMENTS AGREEMENT WITH PORTUGAL AND (2) TO OBTAIN INFORMATION LISTED BELOW REGARDING INTENDED LOAN SO THAT WE CAN COMPILE THIS FOR ALL PARTICIPANTS IN ASSISTANCE GROUP.

2. GIVEN PORTUGAL'S URGENT NEED FOR BALANCE OF PAYMENTS SUPPORT, AS CONFIRMED IN THE TWO MEETINGS OF THE ASSISTANCE GROUP, WE HOPE PARTICIPANTS CAN MOVE RAPIDLY TO SIGN AGREEMENTS SO THAT SOME MEDIUM TERM ASSISTANCE WILL BE AVAILABLE TO PORTUGAL IN THE THIRD QUARTER OF THIS YEAR. (BECAUSE THE U.S. LOAN COMES FROM FY 1978 APPROPRIATIONS WE CAN NOT DISBURSE BEFORE OCTOBER 1.)

3. PLEASE REQUEST THE INFORMATION LISTED BELOW CONCERNING DETAILS OF HOST GOVERNMENT'S INTENDED BALANCE OF PAYMENTS ASSISTANCE FOR PORTUGAL. THE U.S. WILL COMPILE THIS INFORMATION ON INDIVIDUAL CONTRIBUTIONS AND DISTRIBUTE

IT TO PORTUGUESE GOVERNMENT AND ALL PARTICIPANTS. A SUMMARY OF CONTRIBUTIONS WOULD ALLOW PARTICIPANTS AND THE PORTUGUESE TO ASSESS THE PROGRESS OF THE LENDING EFFORT AND ITS LIKELY SUCCESS IN MEETING PORTUGAL'S FINANCING NEEDS. PARTICIPANTS COULD ALSO ASSESS WHETHER ADDITIONAL COORDINATION, E.G., ON TIMING OF DISBURSEMENTS, WOULD BE DESIRABLE.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 163429

4. INFORMATION ON THE FOLLOWING CHARACTERISTICS OF INDIVIDUAL CONTRIBUTIONS IS REQUESTED: (A) AMOUNT OF INTENDED LOAN (B) FINANCIAL MECHANISM (C) TERMS OF LOAN, INCLUDING MATURITY, INTEREST RATE, AND GRACE PERIOD (D) PROCUREMENT PROVISIONS (E) EXPECTED DATE FOR SIGNING OF BILATERAL LOAN AGREEMENT (F) INTENDED SCHEDULE OF DISBURSEMENTS, INCLUDING ANTICIPATED DATE OF FIRST DISBURSEMENT (G) ENVISAGED RELATIONSHIP BETWEEN DISBURSEMENTS AND PORTUGUESE ECONOMIC PERFORMANCE.

5. EMBASSIES SHOULD ALSO INQUIRE WHETHER HOST GOVERNMENT BELIEVES ADDITIONAL U.S. ASSISTANCE TO GATHER INFORMATION AND REPORT ON THE PROGRESS OF THE LENDING EFFORT AND PORTUGUESE ECONOMIC RECOVERY WOULD BE HELPFUL.

6. AS THE U.S. HAS PREVIOUSLY INFORMED OTHER PARTICIPANTS IN THE LENDING ARRANGEMENT, WE ANTICIPATE THAT OUR OWN CONTRIBUTION WILL HAVE THE FOLLOWING CHARACTERISTICS: (A) AMOUNT; \$300 MILLION (B) MECHANISM; BALANCE OF PAYMENTS LOANS FROM THE U.S. GOVERNMENT, USING APPROPRIATED FUNDS (C) TERMS; LOANS WOULD HAVE A MATURITY OF TEN YEARS

INCLUDING A THREE YEAR GRACE PERIOD; INTEREST WOULD BE AT THE COST OF MONEY TO THE U.S. TREASURY (CURRENTLY ABOUT 7.5 PERCENT). (D) PROCUREMENT PROVISIONS; LOAN WOULD BE COMPLETELY UNTIED, E.G., NOT TIED TO U.S. EXPORTS, SPECIFIC PROJECTS OR COMMODITIES. (E) BILATERAL LOAN AGREEMENT WOULD BE SIGNED PRIOR TO OCTOBER 1977. (F) TWO DISBURSEMENTS ARE ANTICIPATED. THE FIRST, PROBABLY FOR \$200 MILLION, WOULD BE IN OCTOBER 1977; THE SECOND WOULD BE IN MARCH OR APRIL OF 1978. (G) THE FIRST DISBURSEMENT WOULD BE LINKED TO INITIATION OF NEGOTIATIONS WITH THE IMF ON AN ECONOMIC PROGRAM TO SECURE ACCESS TO PORTUGAL'S SECOND CREDIT TRANCHE. THE SECOND DISBURSEMENT WOULD BE CONDITIONED ON PORTUGAL'S CONTINUED COOPERATION WITH THE IMF IN IMPLEMENTING AN ECONOMIC RECOVERY LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 163429

PROGRAM.

7. IN THE INTEREST OF CONCLUDING ARRANGEMENTS SO THAT THE PORTUGUESE AND OTHER PARTICIPANTS CAN BETTER PLAN FINANCIAL PROGRAMS THROUGH THE END OF THE YEAR, WE WOULD

APPRECIATE RESPONSES TO THE ABOVE QUESTIONS AS SOON AS POSSIBLE BUT HOPEFULLY NO LATER THAN JULY 31.

8. FOR LISBON. EMBASSY MAY WISH TO SUGGEST TO GOP THAT PENDING FINAL COMMITMENTS ON PARTICIPATION BY ADDRESSEE HOST GOVERNMENTS, GOP SHOULD BEGIN MAKING ARRANGEMENTS FOR NEGOTIATING BILATERAL LOAN AGREEMENTS. VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGREEMENTS, ECONOMIC ASSISTANCE, BALANCE OF PAYMENTS, FOREIGN ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 13-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE163429
Document Source: CORE
Document Unique ID: 00
Drafter: CHERVIN:CAB
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770250-0622
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770760/aaaacagk.tel
Line Count: 149
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e042d76b-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 22-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1871979
Secure: OPEN
Status: NATIVE
Subject: FINANCIAL ASSISTANCE FOR PORTUGAL
TAGS: EFIN, PO
To: BERN BONN MULTIPLE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/e042d76b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009